Chapter - 1

Introduction and Methodology
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1.1: Introductory Remarks

Welfare economics as a branch of economic theory is not a major focus of current research. Even in the syllabi of postgraduate courses in economics, the amount of space devoted to welfare economics has shrunk in recent years. The major debates in welfare economics date back to the decades when the Soviet Union and other centrally planned economies appeared to represent a viable alternative to 'free market capitalism'. The contemporary concerns of economic theory are different.

Of course, some of the important results of welfare economic theory are still considered relevant, for example the 'Fundamental Theorem of Welfare Economics' which proves, on the basis of some (disputable) assumptions that a competitive market mechanism will result in an allocation of resources that is 'efficient' in the sense of Pareto, i.e. nobody can be made better off without making somebody else worse off. Other results relate to the 'most efficient' way of bringing about a redistribution of resources. Even though the assumptions of this model may be disputable, it still has considerable influence on government policy today, and its use for understanding the working and the limitations of the market mechanism is fairly widely accepted.

Social choice theory, on the other hand, or the theory of collective choice, which deals with how, starting from different individual preferences, one reaches collective decisions which take these individual preferences into account. This theory is much more related to the comparison of economic and political 'systems', though it has other applications --- it led Kenneth Arrow to explore the new field of economics of information. When Sen disputes some elements of Arrow's system, he is led to discuss the work of political philosophers like John Rawls and Robert Nozick. Such different positions in liberal political philosophy are alternative ways of supplying a foundation to neoclassical economic theory.
Feminist economic theory, one might say, was developed to answer various questions about women and gender that grew out of the women's movement. Some feminist economists have operated within the neoclassical framework, while others have taken a Marxist, or revised Marxist, position. But there is a growing trend of critical feminist theory that rejects both liberal political philosophy and traditional Marxism, and uses feminist concepts as a critical conceptual tool that can critique established theory and open up new areas for empirical and theoretical exploration. Modest and limited though my project is, it belongs within that trend.

1.2: Motivation

In the citation for the Nobel prize awarded to Sen in 1998, it is his work in welfare economics, in the theory of social choice, that finds primary mention together with his work on famines. In this dissertation, it is the former, and not the latter, that I will be concerned with. To attempt a review of the works of Amartya Sen on welfare economics is indeed an ambitious task, and I must state at the outset that I have made no attempt to be exhaustive in this regard. Rather, I try to follow a thread that starts from his work on social choice theory and continues with his theoretical innovations in the form of the theory of capability. I have also, in my sixth chapter, attempted to link up and compare the content of his more recent theoretical contributions with feminist economic analysis, which has been my own area of research for several years. This is why I have had the temerity to use the word 'critical' in the title of my dissertation. A critical reading of a particular author's work over a period of time is a reading from another subject point of view. I only submit that this reading may be able to reveal something of the evolution and content of Sen's thinking related to welfare economics, and its implications for feminist economic analysis; and it may therefore be of some interest.

Sen's theoretical work on capabilities finds its practical expression in the construction of the Human Development Index and the yearly publication of Human Development Reports by the United Nations Development Programme (UNDP) since 1990. This has been followed up by the preparation of Human Development Reports for separate countries, and, recently, several Indian state governments have also published
state-level Reports. These reports are widely used by teachers, researchers and grassroots workers. Thus an examination of the theoretical foundations of the capabilities approach may be of some interest. Again, the gender aspect of human development is happily being given more attention in public policy, and thus my concern with gender-based approaches to development and feminist economic theory may also be relevant.

1.3 : Methodology

Sen’s important work on social choice theory dates back to the 1970’s. His first major work on the subject was the book *Collective Choice and Social Welfare*, published in 1970, and it was published in a series of texts in mathematical economics. The presentation is in the form of pairs of chapters, in the first of which the main ideas are explained without the use of mathematical apparatus, and in the second the full mathematical treatment is given. Much of this book is based on the logical framework developed by Kenneth Arrow in his *Social Choice And Individual Values*. In this dissertation I have only occasionally used the mathematical formulation of axioms and results, where it is necessary to make my meaning clear. I have been more interested in the substantial theoretical and philosophical issues raised.

For this reason too, I have not discussed the considerable amount of literature in the form of mathematical exercises that was published in response to Sen’s formulations. I have tried as far as possible to give the gist and examine the implications of what he is saying. I have of course checked the mathematical formulations to try and eliminate any mistakes of interpretation in my exposition.

The methodology is therefore basically one of close textual analysis of selected published works of Amartya Sen on welfare economics. The works of other major contributors are examined in relation to points raised by Sen, where I have found this necessary for understanding the purport and relevance of what Sen is saying.

The following chapter, a short one, looks at some selected themes in Amartya Sen’s writings from the publication of his Ph.D. thesis in the form of the book *Choice of*
Techniques until he began his work in social choice theory. Chapters 3 and 4 trace important themes in social choice theory. Chapter 3 deals mainly with writing based on the Arrovian social choice framework, while Chapter 4 is about Sen's work on inequality of income, which, he says, was largely inspired by A.B. Atkinson's formulations on this theme. Chapter 5 relates to more recent (from 1976 onwards) theoretical contributions of Sen. The concepts of 'entitlements' and 'capabilities' are central to this chapter. Towards the end of the chapter I relate these topics to the paradigm of 'human development'.

The methodology of Chapter 6 is a little different. Alongside the ideas of Amartya Sen on gender and development, I look at some contributions of feminist economists on topics that are common to both; and I try to give a brief sketch of some feminist approaches to the gender aspects of development, and to economic arrangements within the family. Chapter 7 takes a very quick appraisal of the directions of Sen's thinking in his most recent work, and raises some doubts concerning these by way of a conclusion.